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FM AMEMBASSY BANGKOK
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7741
INFO RUCNASE/ASEAN MEMBER COLLECTIVE IMMEDIATE
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 4410
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 7307
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 3268
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 9421
RUEHCHI/AMCONSUL CHIANG MAI IMMEDIATE 3718
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE

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SIPDIS

SENSITIVE
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COMMERCE FOR EAP/MAC/OKSA
TREASURY FOR OASIA
STATE PASS TO USTR FOR WEISEL

E.O. 12958: N/A
TAGS: [ECON](#) [PGOV](#) [TH](#)
SUBJECT: YET MORE CHARGES AGAINST THAKSIN

11. (U) In the latest move against former Prime Minister Thaksin and his Thai wealth, on June 19 the Department of Special Investigations (DSI) announced charges of concealing assets and violating Stock Exchange and SEC regulations in respect to Shinawatra family holdings of SC Asset Management, a publicly-listed property development company. Thaksin could also be charged with having misrepresented his assets in the asset declaration required of all government ministers, a violation of Thai anti-corruption law.

12. (U) The DSI charges that in mid-2000 (before becoming PM), Thaksin transferred some unspecified percentage of shares he and his wife owned in their privately-held property company to a British Virgin Islands-registered company (Winmark). In August 2003 Winmark sold its SC Asset shares to another offshore vehicle, Value Investment Mutual Fund (VIF). In September 2003, VIF transferred its SC Asset shares to two Malaysian entities, Overseas Growth Fund (OGF) and Offshore Dynamic Fund (ODF). On November 11, 2003 SC Asset listed on the Stock Exchange of Thailand and, the SEC claims, left the Shinawatra family as owners of 60.82 percent of the outstanding shares.

13. (SBU) In conversations with lawyers, accountants and an SEC spokesperson, no one could explain why assets would be transferred with such rapidity among offshore entities prior to the SC Asset public listing. After the IPO, the reasons Thaksin might want to hide his ownership of the offshore vehicles could include:

- SET rules prohibit a single group from controlling more than 75 percent of a listed firm (a super-majority which could block stockholders from presenting issues for a vote at the company's annual meeting).
- A source of funds offshore untraceable by Thai authorities. The SEC claims that OGF and ODF sold off all their SC Asset shares between April and August 2006, a time when Thaksin was under severe political pressure.
- By limiting the number of shares available to foreign SET investors thereby raising the price of such shares and increasing the capitalization (and share value) of SC Asset.

14. (SBU) Financial analysts are skeptical that the Thai authorities actually have hard evidence as claimed that Thaksin was the owner of the offshore vehicles. What they believe is more likely is that such ownership is implied because, according to the SEC, OGF and ODF transferred

without compensation their rights to purchase additional SC Asset shares at a discount in a 2004 rights offering to Thaksin's daughters. An SEC official told us she did not know what evidence DSI had as "proof" ODF and OGF were Thaksin-owned because the SEC has none.

15. (U) DSI has issued a summons for Thaksin to return to Thailand by June 29 to face charges. Thaksin can seek a delay and while there is no legal limit, an accused is usually able to delay appearing up to three times. Eventually, however, DSI could issue a warrant for his arrest and seek extradition if he is abroad. Most of our contacts do not believe Thaksin will return, at least at this time.

16. (SBU) Comment: The financial shenanigans of Thaksin are exceptionally complex and the reasons behind some of them unclear. We are confident that Thaksin probably did control some of his companies through opaque means, just as many other Thai family-owned companies do, to get around SEC, SET and Revenue Department purview. Unfortunately despite the problems facing Thaksin because of his apparent attempts to circumvent supervision and law, we suspect that the many other Thai entities that utilize similar structures will be no more likely to make their holdings more transparent as a result. Just that they will be more careful when choosing their enemies.

BOYCE